

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
SEPTEMBER 6, 2023**

ITEM 5

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION TO ADOPT THE STATE FISCAL YEAR 2023-24 CLEAN WATER STATE REVOLVING FUND (CWSRF) INTENDED USE PLAN (IUP) WITH SUPPLEMENTAL IUP AND GUIDELINES FOR COMPLEMENTARY FUNDING FROM THE BUDGET ACTS OF 2021, 2022, AND 2023 AND PROPOSITIONS 1 AND 68.

DISCUSSION

The CWSRF Program provides low-cost financing for wastewater treatment and recycling, non-point source, estuary, storm water, and combined sewer system projects. The Small Community Wastewater (SCWW) Program complements the CWSRF Program by providing grants through Proposition 1, Proposition 68, General Fund, and other sources, primarily to small, disadvantaged communities and small severely disadvantaged communities for wastewater projects.

The CWSRF IUP outlines the State Water Board's business plan for administering the CWSRF and related funding for state fiscal year (SFY) 2023-24. The CWSRF IUP describes a few key subjects:

- The funding priorities for the CWSRF and its complementary programs, how the Division of Financial Assistance (DFA) intends to administer these Programs using the available funds and resources, and measurements DFA will use to monitor its performance administering the available funds.
- DFA's general funding approach, including applicable loan, grant, and principal forgiveness terms.
- Funding provided by the "Bipartisan Infrastructure Law" (BIL), Public Law 117-58. The BIL supplements CWSRF funding by providing two additional categories of funding: (1) CWSRF General Supplemental Funding and (2) CWSRF Emerging Contaminant Funding. The CWSRF General Supplemental Funding is described in the body of the CWSRF IUP. Additional information on the Emerging Contaminant Funding is provided in a supplemental IUP.
- The federal and state requirements associated with the CWSRF Program and its complementary sources. The IUPs are required by federal statutes and regulations and will be included in the applications submitted to the United States Environmental Protection Agency (USEPA) for the Federal Fiscal Year 2023 CWSRF base program and BIL Supplemental capitalization grants.

DFA provided stakeholders and interested parties an opportunity to comment from May 19, 2023, to June 23, 2023, on the draft SFY 2023-24 CWSRF IUP, Supplemental IUP, and guidelines for complementary funding. The State Water Board held a Public Workshop on June 20, 2023, to discuss the proposed IUPs and guidelines. Several commenters requested that State Water Board staff investigate alternative scenarios for establishing the Cutoff Score and associated limitations for loan funded projects. A meeting was held with representatives from affected stakeholder organizations on July 27, 2023 to discuss these alternative funding scenarios, and State Water Board staff have taken this additional input into consideration in the draft IUP presented to the State Water Board for its consideration.

POLICY ISSUE

Should the State Water Board adopt the SFY 2023-24 CWSRF IUP with Supplemental IUP and guidelines for complementary funding from the Budget Acts of 2021, 2022, and 2023 and Propositions 1 and 68?

FISCAL IMPACT

The fiscal impacts of the proposed CWSRF IUPs and complementary guidelines can be found in Section III of the CWSRF IUP, "Project Funding Capacity and Distribution of Funds."

REGIONAL BOARD IMPACT

None - All Regional Boards.

Approving the SFY 2023-24 CWSRF IUPs will help municipalities and other eligible applicants finance projects to comply with Regional Water Quality Control Boards' (Regional Water Board) discharge requirements, address Regional Water Boards' enforcement orders, or contribute to Basin Plan goals.

STAFF RECOMMENDATION

Staff recommend the State Water Board to adopt the SFY 2023-24 CWSRF IUP with Supplemental IUPs and guidelines for complementary funding from the Budget Acts of 2021, 2022, and 2023 and Propositions 1 and 68.